

Message Text

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ORIGIN EA-09

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FM SECSTATE WASHDC
TO AMCONSUL SYDNEY PRIORITY
INFO AMEMBASSY CANBERRA
AMEMBASSY MANILA
AMCONSUL HONG KONG

UNCLAS STATE 163830

CANBERRA FOR RAU AND RSO, MANILA FOR RCO, HONG KONG FOR RSS

E.O. 11652: N/A

TAGS: AFSP, ASEC, ACOM

SUBJECT: NEW SYDNEY CONGEN OFFICES

REF: (A) SYDNEY 1429; (B) CANBERRA 4636; (C) HONG KONG
-- 7666

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1. THE DEPARTMENT HAS CONSULTED CLOSELY WITH THE DIFFERENT BUREAUS AND AGENCIES INVOLVED IN THE PROPOSED MOVE FROM OUR PRESENT OFFICE SPACE TO NEW SPACE AND THERE IS A CONSENSUS THAT THE TOWN HALL HOUSE (THH) LOCATION IS THE MOST DESIRABLE AND OFFERS DISTINCT ADVANTAGES OVER THE T&G BUILDING. THIS DECISION IS BASED PRIMARILY ON THE FOLLOWING FACTORS:

(A) SECURITY - FOR REASONS STATED IN PARA 1 & 2 OF REFTEL
B, THH LOCATION PROVIDES NUMEROUS ADVANTAGES FROM A
SECURITY VIEWPOINT.

(B) LOCATION - ALTHOUGH CONGEN HAS POINTED OUT T&G SITE
IS CONSIDERED MORE PRESTIGIOUS OF TWO SITES, IT APPEARS
THAT BOTH BUILDINGS ARE IN SAME GENERAL VICINITY WITH
EQUALLY GOOD LOCATIONS. DEPARTMENT DOES NOT BELIEVE PRE-
FERRED LOCATION OF T&G BUILDING OUTWEIGHTS OTHER ADVANTAGES

(SECURITY, COST, SPACE LAYOUT) OF THH BUILDING.

(C) SPACE ALLOCATION - CONGEN PROPOSED OFFICE SPACE
ALLOCATIONS ON FLOOR PLANS HAVE NOT BEEN RECEIVED TO DATE.
FBO, HOWEVER, HAS MADE OBSERVATION FROM SITE LITERATURE ON
HAND THAT SPACE ALLOCATION IN THH BUILDING WITH TRADITIONAL
CONSTRUCTION, WILL BE MORE EFFICIENT, FUNCTIONAL AND
ADAPTABLE THAN T&G BUILDING. CONSTRUCTION OF T&G BUILDING
WITH SERVICES IN CENTER CORE WILL MAKE IT MUCH MORE
DIFFICULT TO PLAN PRACTICAL SPACE ALLOCATION AROUND THIS
CORE.

(D) COSTS - THE COMPARATIVE COSTS BETWEEN THE T&G BUILDING
AT A 9.00 (OR 8.50) PER SQUARE FEET AND THH BUILDING AT AN
AVERAGE A 6.45 PER SQUARE FEET IS CONSIDERABLE. THIS IS
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EVEN MAGNIFIED BY OTHER FACTORS NOTED ABOVE WHICH ARE
WEIGHTED IN FAVOR OF SELECTION OF THE THH BUILDING.

2. THERE APPEARS TO BE SOME CONFUSION OVER FBO'S
RESPONSIBILITY AND PARTICIPATION IN THIS PROJECT. ALTHOUGH
FBO IS WILLINGLY PROVIDING EXPERT TECHNICAL ASSISTANCE AND
ADVICE, PROPOSED LEASE WILL BE A SHORT-TERM LEASE (BASIC
TERM OF LEASE LESS THAN 10 YEARS) AND FUNDED BY BUREAU.
THEREFORE, FBO HAS NO PLANS TO SEND A REPRESENTATIVE TO
SYDNEY UNLESS IT COINCIDES WITH OTHER FBO TRAVEL IN THE
AREA. THEY CAN MAKE NO SUCH ASSURANCES AT THIS TIME.
BELIEVE EMBASSY CANBERRA CAN PROVIDE ASSISTANCE ON SURVEY
SITE WITH RSO. OC HAS ADVISED BUREAU THAT THEY WILL MOST
LIKELY DETAIL COM OFF. FROM CANBERRA TO SURVEY SITE FOR
COMMUNICATIONS REQUIREMENTS. UNFORTUNATELY, NEW RCO WILL
NOT ARRIVE MANILA UNTIL LATE AUGUST AND WILL NOT BE ABLE
TO VISIT SYDNEY FOR SOME TIME.

3. WE HAVE NOTED OUR CONCERN ABOUT THE SUITABILITY OF
OFFICE SPACE IN SYDNEY AND BUREAU REPS HAVE OBSERVED FIRST-
HAND YOUR CRAMPED QUARTERS, MAINLY IN THE CONSULAR SECTION.
WITHOUT BENEFIT OF REVIEW OF FLOOR AND SPACE ALLOCATION

PLANS, WE CANNOT, HOWEVER, UNDERSTAND YOUR MINIMUM REQUIREMENT TO INCREASE YOUR SPACE FROM 10,300 SQUARE FEET TO 24,000 PLUS SQUARE FEET. THIS IS ALMOST TWO AND ONE-HALF TIMES YOUR PRESENT SPACE. IN ADDITION, POST WILL BE LOSING, THROUGH ABOLISHMENT, TWO AMERICAN OFFICER POSITIONS (E/C OFFICER SCANLON AND POL/ECON OFFICER WEST). THIS SURELY REDUCES YOUR REQUIREMENT FOR SPACE ALTHOUGH ADDITIONAL FSL POSITIONS ARE PROJECTED FOR POST. REQUEST YOUR COMMENTS ON THIS POINT AND POSSIBILITY OF LEASING ONLY TWO TOP FLOORS OF THH BUILDING (19,554 SQUARE FEET), ALMOST DOUBLE PRESENT SPACE.

4. IN NEGOTIATING WITH THH OWNERS, REQUEST YOU PURSUE FOLLOWING LEASE OPTIONS IN ORDER OF PREFERENCE:
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(A) INITIAL BASIC LEASE FOR LONGEST TERM POSSIBLE WITHOUT RENT REVIEW. FOR EXAMPLE, SIX YEAR BASIC TERM WITH NO RENT REVIEW AND WITH FIVE THREE-YEAR OPTIONS TO RENEW. RENTAL TERMS WOULD BE REVIEWED AT TIME OF RENEWAL. IT IS SIMPLER AND CLEANER TO CHANGE RENTAL TERMS ON RENEWAL BREAKS RATHER THAN IN MIDDLE OF BASIC TERM.

(B) INITIAL BASIC LEASE OF THREE YEARS WITH SIX THREE-YEAR OPTIONS TO RENEW. RENTAL REVIEW AT END OF BASIC TERM AND RENEWAL PERIODS.

(C) INITIAL BASIC LEASE FOR SIX YEARS, RENT REVIEW AFTER THREE YEARS WITH FIVE THREE-YEAR OPTIONS TO RENEW. RENTAL REVIEW AT END OF BASIC TERM AND RENEWAL PERIODS.

5. THH OWNERS MUST AGREE TO STIPULATION THAT LEASE BE SIGNED ON OR BEFORE SEPTEMBER 30, 1977 WITH EFFECTIVE DATE OF JANUARY 1, 1978. IN ORDER TO UTILIZE AVAILABLE FY-77 FUNDS, PAYMENT WOULD ALSO HAVE TO BE MADE PRIOR TO OCTOBER 1, 1977, EVEN THOUGH EFFECTIVE DATE OF LEASE WILL BE JANUARY 1, 1978. THIS INITIAL PAYMENT CAN AND SHOULD INCLUDE ADVANCE RENTAL UP TO TWO YEARS FROM EFFECTIVE DATE OF JANUARY 1, 1978 IF APPROPRIATE DISCOUNT CAN BE NEGOTIATED. BASED ON YOUR ESTIMATES OF THREE MONTHS FOR SITE PREPARATION, WHICH COULD BEGIN ANYTIME AFTER JANUARY 1, 1978, CONGEN COULD EXPECT TO OCCUPY NEW OFFICE SPACE ABOUT APRIL 1, 1978.

6. PLEASE CLARIFY POINT THAT, "COUNCIL WOULD AMORTIZE COST OF PARTITIONING IF WE USED THEIR CONTRACTOR." DOES THIS MEAN THAT THEY WOULD ABSORB COST WITHOUT INCREASE IN RENT, OR, WOULD RENT HAVE TO BE INCREASED ACCORDINGLY?
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7. BASED ON THE ABOVE, AND ON RECOMMENDATIONS PRESENTED BY EMBASSY CANBERRA ADMIN COUNSELOR AND RSO, DEPARTMENT HAS DECIDED THAT WE SHOULD ENTER INTO NEGOTIATIONS TO LEASE THE THH SITE. UPON CLARIFICATION OF MATTERS DISCUSSED IN THIS TELEGRAM AND DEPARTMENT REVIEW OF FLOOR AND SPACE ALLOCATION PLANS, POST WILL BE AUTHORIZED TO PROCEED PROMPTLY WITH NEGOTIATIONS. IN MEANTIME, YOU MAY WORK OUT DETAILS WITH OWNERS IN PREPARATION FOR DRAWING UP LEASE. DEPARTMENT MUST HAVE ALL FACTS ON HAND BEFORE FINAL APPROVAL CAN BE GIVEN TO SIGN LEASE. VANCE

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